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SUMMARY STATEMENT OF AMAX'S POSITION

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UTAH PUBLIC
SERVICE COMMISSION
AMAX has not opposed the proposed merger. Rather, AMAX's position is that the proposed merger must be conditioned in a manner that assures that existing large, interruptible customers of Utah Power & Light Company ("UP&L") are not detrimentally impacted by the merger. Otherwise, the detrimental impact of the merger would be such that it would result in the charging of rates to this class of customer which are unjust and unreasonable, warranting rejection of the merger.

AMAX submits that Applicants bear the burden of proof in this case. As set out in the Commission's November 30, 1987 Order, the Applicants have the burden of coming forth with specific evidence detailing the economic and operational benefits to be derived out of the merger and the specific economic detriments resulting from the merger. Notwithstanding this specific assignment of a burden to Applicants, they have not come forward with responsive evidence.

AMAX argues that the failure of Applicant's evidence is nowhere more clearly demonstrated than in Applicants' evidence of the impact of the merger on existing large, interruptible industrial customers of UP&L. No studies of the impact were undertaken by Applicants, much less introduced into the record. The evidence of the benefits to be derived by this class of customer was based upon "intuitive" conjecture.

By comparison, through cross-examination of Applicants' witnesses, and by its own direct evidence, AMAX submits that it was established that AMAX would suffer substantial economic detriment as a result of the merger. One of Applicants' primary goals in effecting the merger is to increase the volume of off-system sales that, Applicants' claim, could not be made in the absence of the merger. If Applicants are successful in achieving this goal, Applicants' witnesses have conceded that AMAX would have less access to the baseload generating capacity of the merged system, forcing AMAX to rely increasingly upon higher cost purchased power, a point reemphasized by AMAX's witness.

Further, AMAX argues that whereas UP&L has had a policy of adding interruptible customers as system assets, Pacific Power & Light Company (PP&L) has maintained a policy whereby none of its customers were served under contracts denominated as "interruptible." Rather, all customers were served as firm customers, with the degree of "firmness," and the order of interruptibility being defined by contract.

In the post-merger environment, AMAX argues that Applicants' would utilize this same approach in making off-system sales. AMAX submits that, as a result of this approach, the evidence demonstrates that Applicants' may be making "firm" sales at prices lower than those to be charged AMAX under its interruptible contract. The effect is to displace AMAX in the dispatch queue, exporting the energy that would otherwise be used to serve AMAX in the absence of

the merger, to the detriment of AMAX specifically and the economy of Utah generally in its efforts to promote economic growth.

It is AMAX's position that in light of these deficiencies, the Commission lawfully has the statutory right and duty to condition the merger to assure that the existing large, interruptible industrial customers of UP&L are not adversely impacted by the merger, an impact that Applicants could -- but have refused -- to define. AMAX preferred condition, although alternatives have been presented, is that the existing interruptible load on the UP&L system be dispatched -- dispatching encompassing both energy and price basis -- prior to the dispatch of any new off-system sales that the merged company may make. AMAX argues that this condition does not render its service firm but simply protects it against being displaced by new off-system sales that can only be made as a result of the merger.

AMAX advocates two other conditions that it claims Applicants have agreed to. The first is that no new interruptible off-system sales will be dispatched prior to existing on-system interruptible sales. In addition, it argues that Applicants have agreed that power transfers between divisions will be done at cost, without any market-based mark-up. AMAX argues that in the absence of an agreed allocation methodology in advance of the merger, such conditions are necessary and appropriate.